

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST)	
ADJUSTMENT FILING OF VALLEY)	CASE NO. 92-407-B
GAS, INC.)	

O R D E R

On April 6, 1993, the Commission issued its Order in Case No. 92-407 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On September 24, 1993, Valley Gas, Inc. ("Valley") filed its quarterly gas cost adjustment ("GCA"), which was to become effective October 1, 1993 and remain in effect until January 1, 1994.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley's notice of September 24, 1993 set out certain revisions in rates which Valley proposed to place into effect, said rates being designed to pass on to its customers its wholesale increase in gas cost from its supplier. Valley's expected gas cost ("EGC") should be \$3.1654 per Mcf. Valley had incorrectly calculated its EGC but had supplied sufficient supplier volume information to correct it.

2. Valley's notice contained a refund adjustment in the amount of 29.10 cents per Mcf from a previous quarter. There is no current quarter adjustment.

3. Valley's notice set out an incorrect current quarter actual adjustment. The correct adjustment, in the amount of (6.53) cents per Mcf, compensates for over-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of April, May, and June 1993. The total actual adjustment of (31.57) cents per Mcf is designed to correct the current over-collection as well as under- and over-collections from previous quarters.

4. Valley's notice set out no balance adjustment. A balance adjustment should have been filed to return to its customers an over-recovery resulting from the operation of its expired actual adjustment which was originally approved in Case No. 89-103-C.¹ Valley's balance adjustment should be (1.93) cents per Mcf.

5. The combined effect of the above adjustments is Valley's corrected gas cost recovery rate ("GCR") in the amount of \$2.5394 per Mcf, which is an increase of 45.88 cents per Mcf from its last approved rates.

6. Valley failed to provide the required 30 days notice pursuant to KRS 278.180 for its rates to be effective October 1,

¹ Case No. 89-103-C, The Notice of Gas Cost Adjustment Filing of Valley Gas, Inc., Order issued July 10, 1992.

1993. The rates authorized herein should be effective on and after the date of this Order.

7. Valley's corrected adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 92-407 dated April 6, 1993 is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. Valley's proposed adjustment in rates be and it hereby is denied.

2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with service rendered on and after the date of this Order.

3. Within 30 days of the date of this Order, Valley shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 25th day of October, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-407-B DATED OCTOBER 25, 1993.

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$4.00
All Mcf	\$1.6451	\$2.5394	\$4.1845